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C O N F I D E N T I A L BAGHDAD 004591

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TAGS: ECON ETRD PREL PGOV JO I2

SUBJECT: GOI MINISTRY OF FINANCE TARIFF STEERING COMMITTEE  
MEMBERS DISCUSS PLANS FOR TARIFF LEGISLATION

REF: BAGHDAD 3908

Classified By: Deputy Chief of Mission Daniel V. Speckhard for reasons  
1.4 (b) and (d)

¶1. (C) Summary. Emboffs met with three members of the Ministry of Finance Tariff Steering Committee on December 7, 2006, and were told that the GOI needs USG assistance to finalize its tariff legislation. On the GOI's plans for the reconstruction levy, the committee members said that a proposal was sent to the Council of Ministers (CoM) to increase the levy from five to ten percent, but no action was taken. Abdullah Bandar, Director General (DG) of the Macroeconomic and Fiscal Policy Department, said that the increase in the reconstruction levy to ten percent, if passed, would just be a temporary measure that would be eliminated when the tariff legislation is approved by the Council of Ministers (CoM) and Council of Representatives (CoR). He asked for USAID's Izdihar Project to meet with the full inter-ministerial committee in a week-long session in Jordan to help finalize the tariff legislation before it is sent to the Council of Ministers (CoM).

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GOI CUSTOMS/TARIFF LEGISLATION  
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¶2. (C) Abdullah Bander (DG of the Macroeconomic and Fiscal Policy Department), Salma al-Bayati (Deputy DG of the Customs Office), and Abdel Salam Ubqaiqi (DG of the Customs Department) told Emboffs on December 7, 2006 that the GOI Inter-Ministerial Tariff Committee needs to finalize the draft of its tariff/customs legislation, which will be part of the same package. He referenced two former Iraqi laws involving tariffs/customs that would be amended in this new law: Iraqi law #55 of 1977, which includes tariffs, and Iraqi law #23 of 1984, which includes customs procedures.

¶3. (C) Bander said the proposed tariff/customs legislation includes a line-by-line harmonized system of tariffs ranging from zero to forty percent. Bander at first said zero to thirty percent, which is what Post was told in our past meeting (reftel). He then, however, corrected himself and said "forty percent," but commented that he expects to negotiate lower rates for Iraq's accession into the World Trade Organization (WTO). For example, he commented that the proposed rate for Iraqi dates is at the forty percent tariff rate because "they are the best in the world," but textiles are much lower at ten percent. He said that the GOI is already being told by officials at the WTO that it may have to lower some of these tariff rates.

RECONSTRUCTION LEVY ONLY A TEMPORARY MEASURE

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¶4. (C) Abdullah Bander and Salma al-Bayati said that a decision to raise the reconstruction levy from five to ten percent was sent to the Council of Ministers (CoM), but no action has occurred. He noted, however, that even if this measure passes the CoM, the reconstruction levy will be completely eliminated once the new tariff/customs legislation is approved by the CoR and CoM.

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COMMENT  
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¶5. (SBU) The GOI Ministry of Finance Tariff Steering Committee is very eager for technical assistance from the USAID Project (Izdihar) to help finalize the tariff legislation and also fund an inter-ministerial committee meeting in Jordan. Izdihar has no funds for financing this meeting outside Iraq. Post also has concerns with the tariff rates being proposed and will develop a strategy to press this issue at higher levels within the GOI. The GOI Ministry of Finance Tariff Steering Committee said they would share the tariff/customs legislation with the USG, but asked that it not be shared with other countries. Post is following-up to obtain a copy.

KHALILZAD